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C O N F I D E N T I A L LISBON 000216

SIPDIS

E.O. 12958: DECL: 04/17/2019
TAGS: ECON EFIN PREL PO
SUBJECT: PORTUGAL RESPONSE TO IMF / WORLD BANK DEMARCHE

REF: STATE 33629

Classified By: POL/ECON COUNSELOR RICHARD REITER, FOR 1.4 B, D.

¶1. (C) Pol/Econ Counselor, together with the British DCM in
Lisbon, on April 17 delivered reftel demarche regarding
Kosovo's application to join the IMF and World Bank. Liliana
Mascarenhas Neto, the Director for European Affairs at the
Portuguese MFA, took note of our points, particularly the
importance of reaching the 93-vote quorum, but was
noncommittal on Portugal's final decision. She said that she
would consult with her colleagues in the MFA's International
Organizations office and make a recommendation to the MFA's
Director General, who is traveling until Sunday. Neto
promised us a response early next week. She opined that if
Portugal decides to support Kosovo's bid, the MFA might lobby
lusophone countries (Angola, Cape Verde, etc.) that have not
recognized Kosovo's independence.

¶2. (C) It is worth noting that Portugal recognized Kosovo
only in October 2008, and then somewhat reluctantly. While
Ms. Neto did not refer to Serbian pressure on this issue, we
would expect Portugal to be high on Belgrade's or Moscow's
list of likely targets if they are going to exert pressure to
oppose Kosovo's IMF/WB membership.

¶3. (C) Post also reached out to German, Italian, and French
embassies in Lisbon regarding this demarche, all were aware
of the issue, but none besides the British had instructions
from capital to deliver a demarche.

For more reporting from Embassy Lisbon and information about Portugal,
please see our Intelink site:

http://www.intelink.sgov.gov/wiki/portal:port ugal

STEPHENSON